STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

CENTRAL ILLINOIS LIGHT COMPANY d/b/a AmerenCILCO,	:	09-0306, 09-0309
CENTRAL ILLINOIS PUBLIC SERVICE COMPANY d/b/a Ameren CIPS,	:	09-0307, 09-0310
ILLINOIS POWER COMPANY d/b/a Ameren IP,	:	09-0308, 09-0311
Proposed general increase in rates For delivery service. (Tariffs filed June 5, 2009)	:	(Consolidated)

REPLY BRIEF OF THE GRAIN AND FEED ASSOCIATION OF ILLINOIS

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I. INTRODUCTION

The Grain and Feed Association of Illinois ("GFAI") represents operators of over 90% of the commercial grain storage space in Illinois. Its members operate grain elevators, grain dryers and feed dealerships throughout the State of Illinois, including within the Ameren territories. (GFA Exh. 1.0, p. 1-2).

GFAI intervened in this docket to address its concerns with the proposed increases in electric and gas delivery rates. In particular, GFAI is concerned with the rates charged to seasonal users, including its member grain dryers.

GFAI continues to be concerned with the proposed effect on the electric rate limiters. The rate limiters were originally implemented to alleviate rate shock. Ameren's proposal here would result in rate limiter customers receiving greater percentage increases than other customers. GFAI simply asks that the increases to rate limiter customers be constrained by the same percentage applicable to other customers.

On the gas side, GFAI differs slightly with the AIUs on availability thresholds. GFAI and the AIUs agree that the eligibility test be made only once each year. They further agree on the threshold to move from GDS-2 to GDS-3, except that GFAI recommends that the annual eligibility test be for customer usage during peak usage months of December through March, while AIU proposes an eligibility test for customer usage for January through December, regardless of when system peak usage occurs. GFAI and the AIUs also differ on the threshold separating GDS-3 and GDS-4. The AIUs propose using the current AmerenIP GDS-3 to GDS-4 threshold for all three utilities. GFAI recommends using the current AmerenCILCO GDS-3 to GDS-4 threshold, as it is more consistent with all three utilities.

GFAI also wants gas tariffs to more universally recognize the positive impact of seasonal usage on system reliability and lower overall system costs through greater off-peak utilization. It therefore proposes either seasonal rate differentials within GDS-2, GDS-3 and GDS-4 rates and/or meaningful opportunities under the GDS-5 rate for smaller GDS-2 users

II. RATE BASE

III. OPERATING REVENUES AND EXPENSES

IV. COST OF CAPITAL/RATE OF RETURN

V. PROPOSED RIDERS

VI. COST OF SERVICE/REVENUE ALLOCATION

VII. RATE DESIGN; TARIFF TERMS AND CONDITIONS

C. Contested Issues

1. Gas

a. Availability Tariff Provisions

i. AIU'S PROPOSAL IS NOT WELL SUPPORTED BY FACTS

AIU describes its proposal as "more logical and heavily supported." (AIU Brief, p. 247). Upon closer examination, the "support" is thin on facts.

AIU claims to have performed analysis. In support, AIU refers to Mr. Millburg's testimony, in AIU Exhibit 58.0 (AIU Brief, p. 246). The only facts in support of Mr. Millburg's conclusions are found in AIU Exhibit 58.1. As discussed in GFAI's Initial Brief, that Exhibit simply does not provide support to AIU's position (GFAI Initial Brief, pp. 6-7). It shows the size of meters under AIU's proposal to use the AmerenIP break points. However, it does not compare the AIU proposal to any other alternative, including GFAI's. AIU's sole justification is that the "AIUs sought to adopt one of the existing availability criteria in order to minimize impacts on customers for at least one of the AIUs." (AIU Exh. 58.1).

GFAI's proposal, like AIU's, brings uniformity to the AIU utilities. In addition, GFAI's proposal encourages off-peak usage, thereby increasing system reliability.

ii. GFAI DOES NOT PROPOSE CUSTOMERS PAYING NOTHING TOWARD FIXED COSTS

AIU expresses its concern that GFAI's proposal would result in customers using the system during non-peak period paying nothing towards the fixed costs of operating the system. (AIU Initial Brief, p. 250). However, GFAI does not propose that extreme position. (GFAI Initial Brief, p. 12). Instead, AIU could establish a minimum billing demand, similar to that used in its electric tariff. For example, the billing demand charge could be equal to the higher of a) the maximum demand in the months of December through March or b) 50% of the highest demand in other months. Using this approach could achieve the goal of increased system reliability, while ensuring that customers contribute to the fixed costs of the system.

iii. GFAI'S PROPOSAL IS NOT "UNWORKABLE"

Despite AIU's tariff provisions that strictly prohibit customers from switching between rates more frequently than once annually, AIU further persists in its argument that GFAI's proposal is "unworkable." (AIU Brief, p. 250). In support, AIU uses an example in an attempt to show that a customer could simultaneously qualify for GDS-4 and GDS-2 (AIU Brief, pp. 250-251). However, AIU's math, like its logic, just doesn't add up.

AIU's example assumes that the customer has average daily use of 1,500 therms during September, October and November. (Id.) It then assumes that the customer has minimal usage the rest of the year, less than 200 therms per day. The example further states that the customer's annual usage could exceed 250,000 therms. (Id.) So, for September, October and November, the total usage would be 1500 therms/day x 91 days = 136,500 therms. For the rest of the year, 200 therms/day x 274 days = 54,800 therms. Therefore, the total annual usage would be 136,500 + 54,800 = 191,300 therms. This does not exceed 250,000 therms, as AIU suggests. Does this example demonstrate AIU's "well supported" and thoughtful analysis?

Moreover, even if AIU had performed its arithmetic computations correctly, and had come up with an example of a customer qualifying for more than one class, the tariffs would preclude customers from switching throughout the year. As described in GFAI's Initial Brief, the tariffs require customers to make a choice, and that choice carries a year long commitment (GFAI Initial Brief, p. 8). Therefore, unlike AIU's example, the GFAI proposal is not unworkable.

iv. CILCO'S THRESHOLD BETWEEN GDS-3 AND GDS-4 IS SUPERIOR TO IP'S THRESHOLD

GFAI proposes to use CILCO's current threshold between the GDS-3 and GDS-4 rates for all prospective AIU GDS-3 and GDS-4 rates. AIU proposes to use current IP rates, and complains that GFAI does not explain why it prefers the CILCO threshold. (AIU Brief, p. 253). The CILCO threshold is superior because customers currently on the CILCO and CIPS GDS-3 rate would not be forced to go to GDS-4 and incur a demand charge, which the proposed GDS-3 does not have. For seasonal use customers, like grain dryers, establishing a demand charge under GDS-4 during the off-peak harvest months could cause substantial cost increases beyond the average increase to all customers.

c. Seasonal Prices for All GDS Rates

i. GDS-2 SEASONAL CUSTOMERS HAVE NO FEASIBLE ALTERNATIVE

AIU states that GFAI's proposal is redundant (AIU Brief, p. 251), in that GDS-5 offers seasonal customers an alternative. However, the "redundancy" is not as complete as AIU would have the Commission believe, especially for GDS-2 customers.

As discussed in GFAI's Initial Brief, the GDS-5 option is really not an option at all for GDS-2 customers (GFAI Initial Brief, pp. 9-11). This is because a GDS-2 customer would not be expected to incur the high fixed monthly charges associated with GDS-5. (Id.) Even Mr. Millburg acknowledges that seasonal GDS-2 customers will not benefit from selecting the optional seasonal GDS-5 tariffs (AIU Exh. 58.0 2nd Rev., Lines 263-264).

Instead of providing a feasible seasonal alternative for GDS-2 customers, AIU dismisses those customers as not affecting system reliability (AIU Initial Brief, p. 257). As discussed in more detail in GFAI's Initial Brief, this justification is not logical. The load of an aggregation of GDS-2 customers can equal or exceed the load of a GDS-3 or GDS-4 customer, thereby affecting system reliability (GFAI Initial Brief, p. 13). The system reliability would be further enhanced by providing a feasible alternative for GDS-

2 customers, providing incentives to utilize the system during non-peak loads and not to utilize the system when heating loads are at or near peak.

Rather than ignoring GDS-2 seasonal customers, the AIUs could implement one of two proposals offered by GFAI: 1) a second tier lower fixed charge within its GDS-5 rate for smaller off-peak customers; or 2) adopt the availability limit of the highest average daily use of 200 therms or less, applicable once annually only for the billing months of December through March. These proposals would provide the appropriate off-peak incentives to smaller customers, thereby increasing system reliability.

2. Electric

h. Rate Limiter/Cost-Based Seasonal Rate

i. GFAI REQUESTS THE COMMISSION TO LIMIT INCREASES FOR RATE LIMITER CUSTOMERS ON PAR WITH OTHER CUSTOMERS.

AIU, Staff and GFAI all want to retain the Rate Limiters. However, they differ on the amount by which the Rate Limiters should be raised in this rate case.

AIU has requested, and Staff acquiesced to, raising the Rate Limiters to a level that approximately retains the existing dollar amount of the existing Rate Limiter revenue. This proposal will result in various increases for grain dryer customers, with some as high as 42%. (GFA Exh. 1.01). This result contradicts AIU witness Jones' assurance that increases are constrained to 21.8%, 19.5% and 23.5% for the respective utilities. (AIU Exh. 16.0E (2^{nd} Rev.), p.7). Rather than an even-handed approach, AIU's proposal is approaching the rate shock that led to the rate redesign cases in 2007.

In contrast, GFAI is proposing that Rate Limiter increases be constrained as Mr. Jones suggests is appropriate for other customers: 21.8% for AmerenIP customers, 19.5% for AmerenCIPs customers, 23.5% for Ameren CILCO customers. This approach more closely tracks the approach taken by the Commission in the previous rate cases, 07-0585 (cons.). There, the Commission approved an across-the-board increase to the Rate Limiters, thereby treating the rate limiter customers on par with other customers. GFAI seeks the same type of fair treatment here, constraining increases for rate limiter customers on par with other customers.

Both the Commission and AIU have recognized the need to reduce and eliminate the rate limiters at the appropriate time. However, the right time is not now. Instead, the time to consider such a drastic alteration of the Rate Limiters should be when AIU files a rate case based on a class cost of service study, and proposes a fully cost-based rate design. While AIU filed a CCOS study in this case, AIU deviated from it in designing its proposed rates. For example, various parties have advocated differing allocators in this case (e.g. coincidental vs. non-coincidental, demand vs. peak). This is in addition to GFAI's request for a seasonal rate design within each rate class, irrespective of the overall cost.

Until the Commission has reviewed and determined the appropriate allocators to be used in a full CCOS rate case, with due consideration of seasonal rates, we will not know whether and to what extent rates are fully cost justified. Without that knowledge, the Commission will not know in which direction and to what degree rates should be adjusted to eliminate the Rate Limiters.

Because the proposed rates in this case are not fully cost based, GFAI simply would like rate limiter customers to be treated like other customers, with rate limiter customer increases constrained at the same level to which other customer increases are constrained.

To the extent that final rates require revenue reduction for the DS-3 and DS-4 customer classes, the revenue reduction should be applied to the demand charge. This will mitigate the impact of the Rate Limiters, which will be a step in the direction of reducing or eliminating the Rate Limiters in final rates.

VIII. CONCLUSION

For the reasons stated above, GFAI respectfully requests that the Commission not negate its implementation of the Rate Limiter in Docket 07-0165. Instead, increases to the Rate Limiter, for all applicable rates, should be constrained to the same extent as other rate components.

GFAI further requests that the Commission carefully examine the proposed gas customer availability thresholds, and consider which best serves all customers.

Finally, GFAI would ask the Commission to provide meaningful choices to all seasonal gas users, thereby providing better system utilization and, therefore, better system reliability.

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Respectfully submitted,

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